

The ABC's of Arlington Government

March 2020

Envision Arlington: Fiscal Resources Task Group

Based upon a series of articles published in the *Arlington Advocate*

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*The Envision Arlington: Fiscal Resources Task Group
embraces and works to help the Town better realize the following Town goal:*

"We value Arlington's efficient delivery of public services providing for the common good. The benefits from these services and the responsibility of taxation will be equitably distributed among us. We will be known for our sound fiscal planning and for the thoughtful, open process by which realistic choices are made in our Town."

We meet monthly on the third Thursday of the month and all are welcome to attend.

The Town of Arlington

The Town of Arlington was originally settled in 1635 as the Village of Menotomy. It was incorporated as West Cambridge in 1807, and subsequently renamed Arlington in 1867. Arlington is currently home to approximately 44,000 residents and covers an area of 5.5 square miles.

The Town's executive body is a popularly-elected five-member **Select Board** that appoints a Town Manager and works with the Town Manager to administer the daily operations of the Town.

The Town's legislative body is a representative **Town Meeting** consisting of 252 members elected from their home precincts (12 members each from 21 precincts) that generally convenes once a year at the Annual Town Meeting.

The **School Committee** is a popularly-elected, seven-member board that appoints a Superintendent of Schools and works with the Superintendent to administer the daily operations of the School Department.

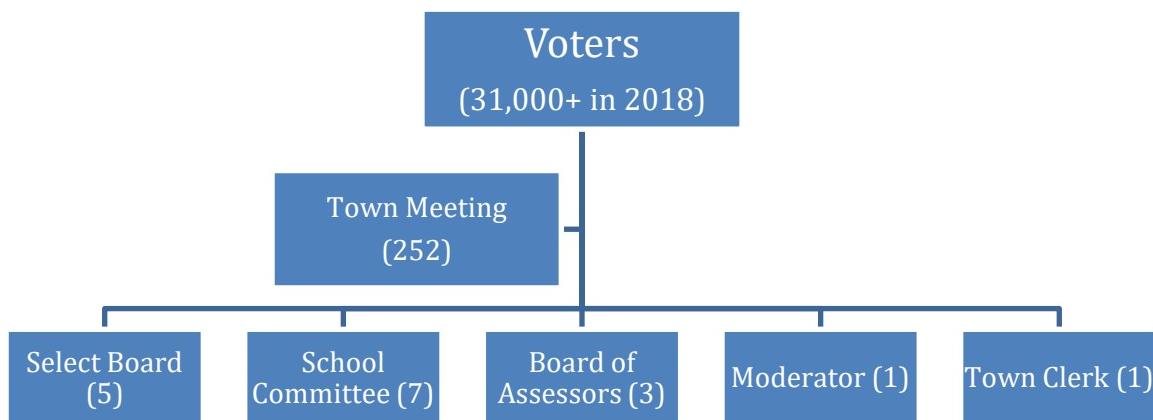
The Town also has several "independent elected offices", including the Town Clerk, Town



Moderator, and a three-member Board of Assessors.

All elected positions, including Town Meeting Members, are for three-year terms. Terms are staggered so that only a few members are elected or reelected in any one year. The Annual Town Election is usually held on the first Saturday in April. Please remember to vote!

A schematic view of the Town's elected bodies is presented here.



Town Meeting

The organization and procedures of Town Meeting evolved during the colonial period as a way for citizens to learn about their community's needs and available resources and to debate and decide on how best to foster the growth and success of their community. In Arlington it is governed by Massachusetts General Laws Chapter 43A and the Town of Arlington Bylaw Title 1 - General Government, Article 1.

While all New England towns have Town Meetings, over four centuries different regions have developed their own local traditions. Given Arlington's large population (ca. 44,000) an open town meeting (where all registered voters can attend and participate) is not feasible. Instead Arlington has a **representative Town Meeting**, where 12 representatives are elected from each of 21 precincts making for a legislative body of 252 Town Meeting Members. As noted above, members are elected each spring during the annual Town election. Any resident of the Town may run for a three-year term; and terms are staggered so that four seats per precinct are open each year.

Arlington's Annual Town Meeting is held beginning in late April. In addition, Special Town Meetings can be called by citizens or the Board of Selectmen to address interim issues of import.

So how does a Town Meeting function? First an agenda, termed the Warrant, needs to be developed. Beginning in December, administrative bodies, committees, commissions and citizens of the Town begin to submit agenda items, termed Articles, for inclusion in the Warrant.

Warrant Articles generally address one of three topics: Town bylaws (laws particular to Arlington), zoning issues, or financial issues. After the Warrant submission period has closed in late January, it is compiled and distributed to residents as a 'warning' of what will be discussed at that year's meeting.

Next, Articles are reviewed in public hearings by one of the three administrative bodies (Select Board, Arlington Redevelopment Board, Finance

Committee) that will report on each Article to the Meeting. Reports from these bodies take the form of formal recommended votes and comments thereon, and are publicly available.

Town Meeting takes place in the Robbins Town Hall auditorium, which was designed with this purpose in mind, on Monday and Wednesday evenings from 8-11PM. On the first evening, the Meeting is called to order by the **Town Moderator**, a town-wide elected position that chairs the Meeting. Once new/returning members have been sworn in, and the Town Clerk has certified that there is a quorum; the Meeting gets down to work.

One by one each Article (usually 40-60) comes to the floor, the recommended vote is debated and amendments proposed and voted upon as follows: The Moderator opens each article, recognizes members who want to discuss the article, and, once debate is finished/terminated by vote, conducts the vote on the article. Non-member residents can also speak to the body regarding Articles of interest to them, upon introduction by a member. Arlington has one of the more deliberative town meetings, in that those recognized can speak for up to seven minutes the first time, and if they dare, for five minutes a second time. But in general, it is amazing how quickly a body of 200-plus individuals can reach consensus!

Once Town Meeting adjourns, Articles that require state action are forwarded to the Attorney General for approval; otherwise they take effect upon Town Meeting's adjournment.

If you wish to learn more, a great reference is Town Meeting Time by Johnson, Trustman & Wadsworth, which is published by the Massachusetts Moderators Association. The authors have all served as Town Moderators in Massachusetts. Residents are also encouraged to attend Town Meeting (viewing from the gallery) or to watch the proceedings on local cable (ACMI), as it is a great way to learn more about Arlington.

Town Government

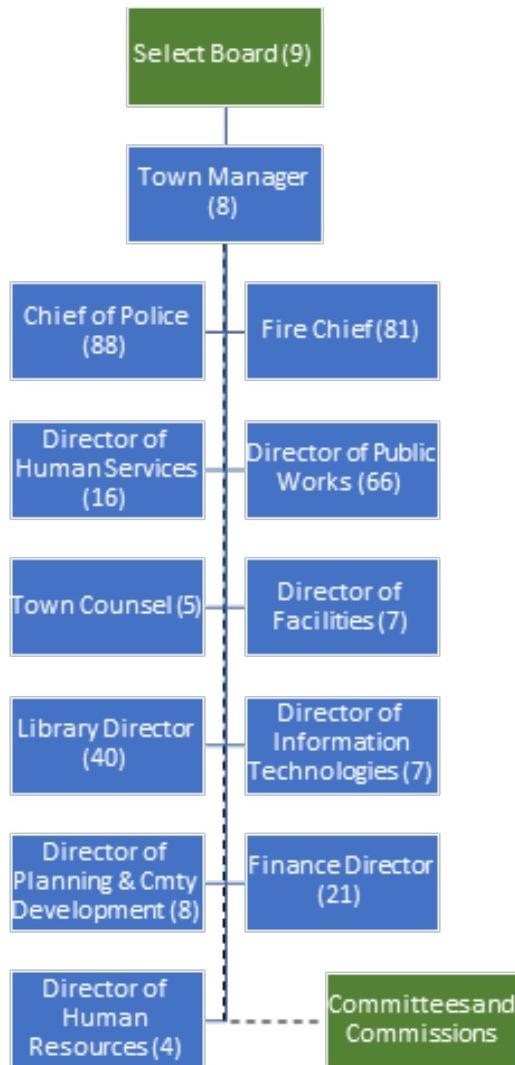
The general administrative principles of the Town (as defined by Massachusetts General Laws and Arlington's Town Bylaws) are set out in the Town Manager Act wherein the Select Board recruits and appoints the Town's Chief Executive Officer, the Town Manager.

The **Town Manager** and their staff are responsible for the day-to-day administration and operation of the Town and its various departments, including the hiring of department heads. A professional hiring process is employed wherein the Manager and/or Department head work together with the Director of Human Services to identify and hire suitable candidates. The chart below details this organization, and shows the current number of employees in each unit. Arlington is lucky to be able to have access to some of the best talent that the Commonwealth has to offer.

In addition to the departments, the Town Manager is responsible for the Enterprise Funds (see Chapter 5).

The Manager's office is responsible for the preparation of the **Annual Report**, **Annual Financial Plan**, and the Town's **annual budget**. The budgetary planning process starts each fall, and the completed budget is presented to the Select Board and the Finance Committee each January for review. As we noted in Chapter 2, the Finance Committee's report is presented to the Annual Town Meeting that, as the Town's Legislative body, is responsible for approving all appropriation of funds. For more details on the activities of each department, consult the Town Manager's Annual Budget and Financial Plan available on the Town's website (www.arlingtonma.gov). For details on the Finance Department see Chapter 7.

In addition, Arlington has a host, well actually what seems like hundreds, of committees and commissions that are primarily volunteer staffed and are critical to helping Arlington function efficiently. Members are usually appointed by the Manager, subject to Select Board approval, and carry out a variety of essential tasks from historic preservation to cemetery oversight.



Town Administrative Structure
[Line = directs; dash = works with]
Number of employees in parentheses.

So, if something piques your interest, there is likely a committee or commission addressing that issue. Please consider getting involved. A great place to start is visiting the Town's website (www.arlingtonma.gov), reading the Annual Report, attending/watching Select Board or School Committee meetings, and enjoying our Town Day celebration each fall.

Independent Administrative Offices

In the first few chapters, we provided some history and a general introduction to the Town's administrative and electoral framework, the functioning of Town Meeting, and the organization of Town departments as administered by the Town Manager. In this chapter we focus on the independent offices/departments of the Town.

The **School Department** has the largest budget and the most employees (913 in FY2020) of all the departments. An elected School Committee is responsible for the hiring of the Superintendent of Schools who, together with staff, carry out the daily administration and operation of the School Department including the hiring of department heads, principals and teachers. The School Committee and Superintendent prepare the School Department's budget that is reviewed by the Finance Committee and submitted to Town Meeting for final approval (see Chapter 6)

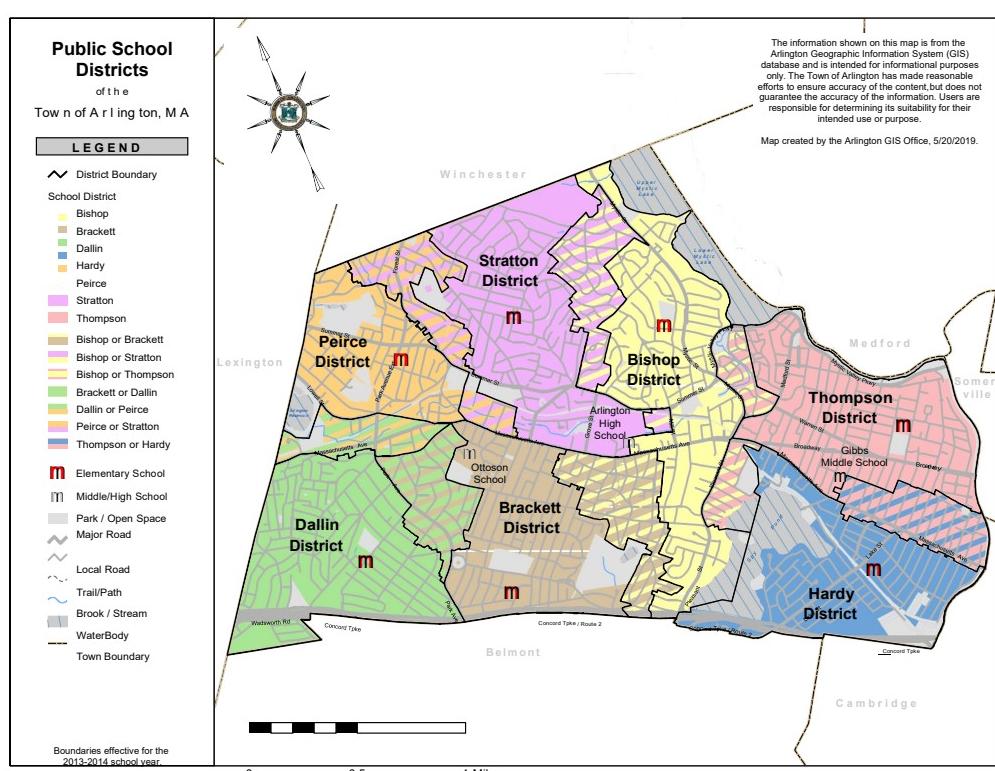
Currently, there are two additional 'independent offices'. The heads of these departments are responsible directly to the voters who elect them. Though small, these

departments perform essential services for the Town.

The **Assessors** are responsible for determining the value of each property. With the help of a contractor, they aim to maintain the assessed value of each property at market value. They also decide on requests by property owners for abatements. They are assisted in this work by the Director of Assessments (who is appointed by the Town Manager) and a small staff.

The **Town Clerk** is responsible for maintaining a variety of Town records ranging from births and deaths to dog licenses. The Clerk maintains the True List of all residents 17 or older based on an annual census. Another important duty is maintaining the list of registered voters. The Town Clerk supervises the Registrar of Voters. After the schools, the Town Clerk's office is probably the most familiar to residents.

One additional independently-elected office is that of the **Moderator**, who oversees and moderates Town Meeting as well as appointing members to a variety of Town Meeting committees.



Enterprise Funds

This chapter focuses on five Town organizational units that are not supported by the real estate tax but rather by self-supporting independent revenue streams. These units provide business-like services directly to residents, and are called Enterprise Funds.

Arlington's Enterprise Funds (EF) offer many services that enhance the quality of life and reinforce our Town's commitment to building a strong sense of community. Whether it's an afternoon of family fun at the skating rink, attending a special event scheduled in one of the town's many beautiful buildings and parks, making sure our young people have access to mental health support, providing affordable transport to our seniors, or delivering quality water at the turn of the tap, these funds work for Arlington.

Each EF has an account maintained by the Town Treasurer that receives the revenue and pays for the costs of each unit's activities. Each EF has a budget approved by Town Meeting. In recent years these budgets have been balanced. Each EF also has a reserve fund that holds any excess revenues that can be used by the EF in subsequent years. This organizational structure is established under Massachusetts General Law Title XII Chapter 44 Section 53F1/2.

The **Water and Sewer** EF is managed by a division of Public Works under the direction of the Director of Public Works and the Town Manager. It maintains the fresh water distribution system (130 miles) and the sewer mains (117 miles). Most of its revenue comes from the water and sewer bills collected by the Treasurer from every residence and business. This EF also pays the water and sewer bills from the Massachusetts Water Resources Authority (MWRA) that provides our purified water supply and processes

our sewage. This EF is by far the largest of the five. Contact: 781-316-3301, or search for Water & Sewer at arlingtonma.gov/home.

The **Recreation** EF is managed by the Recreation Department under supervision of the Town Manager. It operates year-round and provides a large variety of programs hosted in Town buildings and on Town playgrounds. Fees associated with these programs - such as parties held at Reservoir Beach - support the fund. This EF maintains, schedules and issues permits to all the properties under the jurisdiction of the Parks & Recreation Commission. Contact: 781-316-3880 or search for Recreation at arlingtonma.gov/home.

The **Ed Burns Sports Center** EF is also managed by the Recreation Department. Fees from club, school and public ice-skating together with the snack bar earnings pay for the cost of annual operations. The cost of this EF's capital expenses is shared with the Town's Capital Plan on a 50:50 basis. Contact: 781-316-3880 or search for Rink at arlingtonma.gov/home.

The **Council on Aging Transportation** EF is managed by the Health and Human Services Department. This EF uses its vans to transport elderly residents who lack cars, and cannot use MBTA buses, to appointments with doctors and to do errands. Both rider fees and grants support this EF. Contact: 781-316-3400 or search for COA at arlingtonma.gov/home.

The **Youth Counseling Center** EF is also managed by the Health and Human Services Department. It offers mental health support to youth and their families. Its revenue comes in large part from third party reimbursements for their services. Contact: 781-316-3255 or search for AYCC at arlingtonma.gov/home.



The Budgeting Process

In the spring during every Annual Town Meeting, Arlington's Town Meeting Members vote to approve a budget of more than \$170 million for the fiscal year commencing on the following July 1st. Residents can be confident in the vote that Town Meeting Members take because of the detailed budget and revenue information included in the reports and information provided to members by the Town Manager's Office, the School Committee, the Capital Planning Committee, and the Community Preservation Act Committee. The vote is taken on the budget as detailed in the Finance Committee Report. In this chapter we discuss where this information comes from, how it is compiled and how that leads to the final vote on the floor of Town Meeting.

Starting in September, eight months before Town Meeting votes on the budgets, the Town Manager, as required by the Town Manager Act, works with the Long Range Planning Committee and the Budget and Revenue Task Force to estimate the revenues that will be available (Property taxes, State grants, Reserve and Stabilization funds, etc.) to support town and school functions. These committees include representatives of key town committees and departments. An important tool is the Long-Range Financial Projection that covers the current budget year and the next five years. The committee decides how best to apportion revenues between town and school operations, capital expenses, pensions, health insurance and reserves.

Once the initial budget framework has been determined, the Town Manager collects requests for operating funds from each town department as well as the enterprise funds. These requests cover employee salaries and benefits as well as funds needed for contracted work. The returns are used to develop the town side's budget.

Similarly, the Superintendent of Schools collects requests from each school. The Superintendent works with the School Committee Budget Subcommittee to develop a detailed budget. After several months of discussion and public hearings, the School Committee votes to approve a detailed School department budget.

In the fall, the Town Manager begins the process by collecting capital requests (vehicles, buildings, roads, parks etc.) from all departments. The Manager works with the Capital Planning Committee (which includes department

representatives and citizen volunteers) to evaluate and schedule the different capital projects. The projects recommended for the next fiscal year will be included in the budget; while others will be placed in a Five-Year Plan for inclusion in a later year's budget.

Similarly, the Community Preservation Act Committee reviews the applications for project funding received in September and develops a list of grants consistent with available revenues.

By January 15, the manager delivers a proposed budget to the Select Board and the Finance Committee. This budget is detailed for all departments except the schools. For the schools, the overall budget contains just the bottom-line revenue allocation. This is because, by state law, while Town Meeting votes on the total amount allocated to the School Department, only the School Committee is authorized to determine how school funds will be allocated.

In February and March, the Finance Committee, a standing volunteer committee of Town Meeting, reviews in detail the budget of each department and the enterprise funds to understand the details of the proposed expenditures. It also receives and reviews detailed budget proposals from the School Department, the Capital Planning Committee and the Community Preservation Act Committee. It then prepares a balanced budget report to Town Meeting, sometimes after consulting with the relevant group, correcting or modifying the recommendations it received.

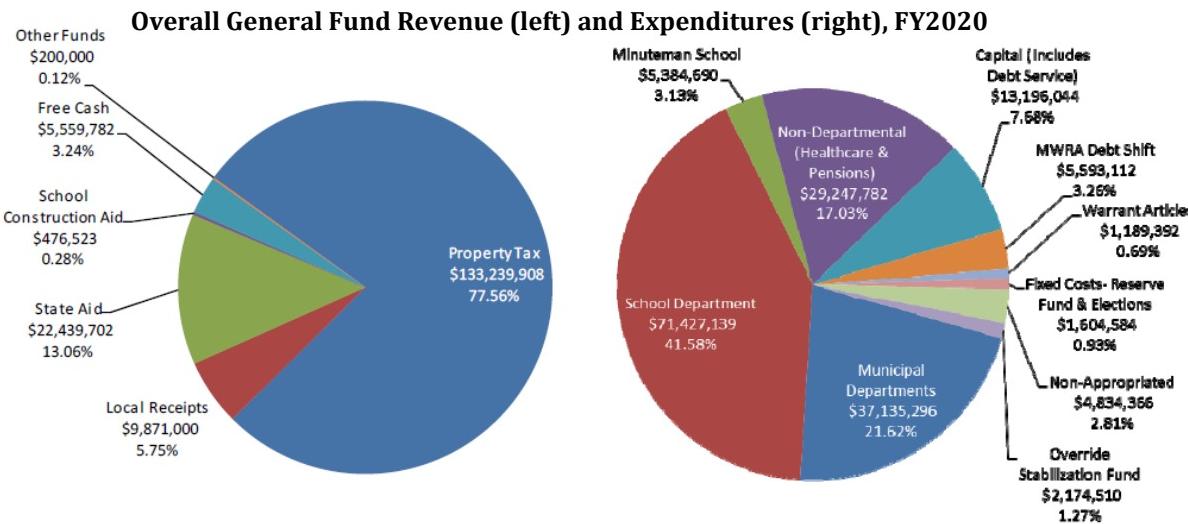
The reports from the Finance, Capital Planning, School Department and Community Preservation Committees together with the Town Manager's Annual Financial Plan, are presented to Town Meeting Members for their review and consideration prior to the respective budgets coming before Town Meeting for a vote. Prior to the final vote, each Department or Committee budget is open for debate on the floor of Town Meeting. This gives Town Meeting Members a final chance to inquire about budgetary specifics and/or seek clarifications on each budget request. After debate is completed a final vote is taken and upon a positive vote (2/3 if bonds are involved) the budget for the next fiscal year is adopted.

During the fiscal year, the Town Manager, Superintendent, Department Heads and the Finance Committee regularly monitor and review departmental expenditures to ensure that the

budget is adhered to as closely as possible. Should something unexpected come up, the Finance Committee has the authority to appropriate funds as needed from the Reserve Fund. If the need is larger than the Reserve Fund can accommodate – the annual Reserve Fund is about 0.5% of the total budget – a Special Town

Meeting must be called. Because of the careful preparation of budgets, this is a rare occurrence.

If you wish to know more, all the reports are on the Town's and School's websites. Should you wish to participate, all the various committees are always looking for volunteers.



Overall General Fund Budget Summary, FY2018 – FY2020

	FY2018 Budget	FY2019 Budget	FY2020 Budget	Change \$	Change %
Revenue					
Property Tax	\$ 117,255,201	\$ 124,010,977	\$ 133,239,908	\$ 9,228,931	7.4%
Local Receipts	\$ 9,071,000	\$ 9,171,000	\$ 9,871,000	\$ 700,000	7.6%
State Aid	\$ 19,207,063	\$ 20,039,795	\$ 22,439,702	\$ 2,399,907	12.0%
School Construction Aid	\$ 1,615,914	\$ 476,523	\$ 476,523	\$ -	0.0%
Free Cash	\$ 4,850,566	\$ 4,593,375	\$ 5,559,782	\$ 966,407	21.0%
Other Funds	\$ 500,000	\$ 200,000	\$ 200,000	\$ -	0.0%
Override Stabilization Fund	\$ -	\$ 2,786,331	\$ -	\$ (2,786,331)	-100%
TOTAL TAXES, FEES, AID, AND OTHER SOURCES	\$ 152,499,744	\$ 161,278,001	\$ 171,786,915	\$ 10,508,914	6.5%
Transfers in (Offsets)	\$ 2,436,791	\$ 2,490,562	\$ 2,580,233	\$ 89,671	3.6%
TOTAL REVENUES	\$ 154,936,535	\$ 163,768,563	\$ 174,367,148	\$ 10,598,585	6.5%
Expenditures					
Municipal Departments Appropriations *	\$ 37,036,557	\$ 38,214,820	\$ 39,715,529	\$ 1,500,709	3.9%
Offsets and Indirect Costs	\$ (2,436,791)	\$ (2,490,562)	\$ (2,580,233)	\$ (89,671)	3.6%
Municipal Departments (Taxation Total)	\$ 34,599,766	\$ 35,724,258	\$ 37,135,296	\$ 1,411,038	3.9%
School Department	\$ 60,928,485	\$ 66,253,022	\$ 71,427,139	\$ 5,174,117	7.8%
Minuteman School	\$ 4,291,333	\$ 4,936,724	\$ 5,384,690	\$ 447,966	9.1%
Non-Departmental (Healthcare & Pensions)	\$ 27,381,296	\$ 27,924,645	\$ 29,247,782	\$ 1,323,137	4.7%
Capital (Includes Debt Service)	\$ 11,523,825	\$ 12,857,157	\$ 13,196,044	\$ 338,887	2.6%
MWRA Debt Shift	\$ 5,593,112	\$ 5,593,112	\$ 5,593,112	\$ -	0.0%
Warrant Articles	\$ 1,319,355	\$ 1,153,137	\$ 1,189,392	\$ 36,255	3.1%
Reserve Fund & Elections	\$ 1,506,440	\$ 1,553,287	\$ 1,604,584	\$ 51,297	3.3%
Override Stabilization Fund Deposit	\$ 211,136	\$ -	\$ 2,174,510	\$ 0	-
TOTAL EXPENDITURES	\$ 147,354,748	\$ 155,995,342	\$ 166,952,549	\$ 10,957,207	7.0%
Non-Appropriated Expenses	\$ 5,144,996	\$ 5,282,659	\$ 4,834,366	\$ (448,293)	-8.5%
Surplus / (Deficit)	\$ -	\$ -	\$ -	\$ -	-

Finance Department

The Finance Department facilitates cooperation and coordination between key legally-established financial functions of the Town: assessing taxes, collecting taxes, investing Town funds, borrowing funds as authorized by Town Meeting, ensuring that bills are correct, paying bills, and accounting for these activities.

Since this is a new department in Arlington, a few words about its history. Early in his tenure (1960s to 1990s), former Town Manager Donald Marquis proposed establishing a Finance Department with an appointed treasurer. Opposed by the elected Treasurer, Town Meeting did not support this idea. Roughly thirty years later, the Fiscal Resources Task Group of Vision 2020 carried out a study and concluded that there was room for improvement in the Town's financial management. Subsequently a committee established by the Select Board studied the issues and recognized that improvements were desirable but did not recommend any organizational change other than to create an Information Technology Department. The Select Board did request the Department of Revenue to study the Town's financial administration and to report back to the Board. This study strongly recommended establishment of a finance department, a system that was working well in other large towns. The Town Manager submitted a warrant article to begin this change but withdrew the article in the face of opposition by the Treasurer. Recently a new Treasurer was elected who supported the Finance Department idea and has worked in close cooperation with the other financial offices of the Town and supported the process of switching to an appointed Treasurer. Town Meeting enabled these

changes to occur. Though there has been no official public accounting, savings are expected from reduced numbers of personnel and the use of a standard Town commercial software package.

The Finance Department has four members. They are the Deputy Town Manager, the Treasurer, the Comptroller, and the Director of Assessments. Each is appointed by the Town Manager. Their responsibilities, established by local and State law, are unchanged. The Finance department is led by the Finance Director who is also appointed by the Town Manager and may be any one of the members. Thus, the Finance Director wears two hats. The structure is shown in the figure below.

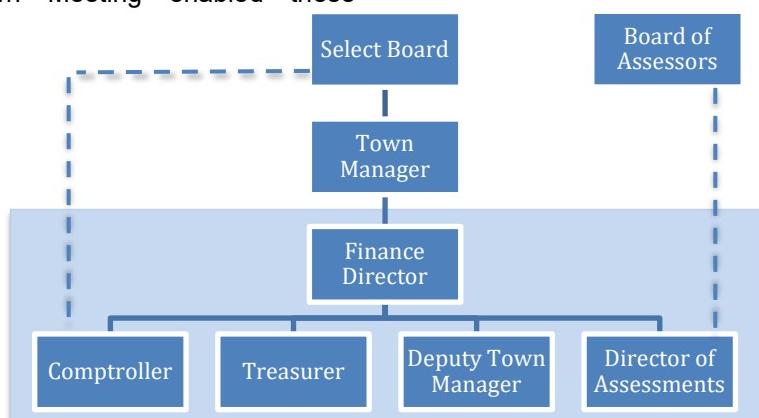
The Deputy Town Manager develops the annual budget for proposal to Town Meeting through the Finance Committee and in coordination with the Long-Range Planning Committee.

The Treasurer/Collector collects local taxes, manages Town investments, borrows money as authorized by Town Meeting, and pays the bills.

The Director of Assessments supervises assessment of town property as authorized (dotted line in the figure) by the Board of Assessors.

The Comptroller manages Town financial records, reviews the legality and reasonableness of bills, and coordinates the annual audit. The Comptroller reports to the Select Board on these matters (dotted line in the figure).

The Chief Financial Officer of the School Department is not an official member of the Finance Department but is invited to meetings.



Tax Overrides & Debt Exclusions

In this chapter, we review the ins and outs of Proposition Two and a Half (Prop 2½) which regulates local property tax increases in the Commonwealth.

Back in 1980, when Massachusetts was still called Taxachusetts by some, the voters approved a statewide referendum question called Prop 2½. This vote established, for the first time, a limit on the total amount that a municipality's annual real estate & personal property tax levy could increase. To exceed this limit, the town has to secure approval from its registered voters. In effect Prop 2½ converted local budgeting from "expense based" to "revenue based".

How does Prop 2½ work to define the amount of taxes that can be collected each year? The levy limit for the current tax year (the amount of taxes to be collected) is calculated as follows: The previous year's tax levy is increased by 2.5 percent plus the amount of taxes attributable to growth in the tax base (termed new growth). This number is the levy limit.

New growth is the increase in the town's tax base not caused by revaluation, but rather by development. New growth includes property improvements (renovations, additions and the like) that increase the assessed value of a property, as well as new construction.

Arlington works hard to budget within the existing levy limit. Despite those efforts, increases in the levy limit have proven to be less than what the Town requires to maintain services in the face of growth in our school population and the service expectations of our residents. Prop 2½ provides two ways to address these budgetary pressures: Tax Overrides and Debt Exclusions. Both require approval by the Town's voters.

Tax overrides authorize the Town to increase the property tax levy by a specific dollar amount in the next fiscal year. In subsequent years the levy limit increase is 2½% of the previous year (including the override) plus new growth. Thus, the override tax increase provides for a permanent increase in the tax base. These taxes are used to pay the cost of operating the Town. Arlington voters last approved an operating tax

override in 2011.

Debt exclusions authorize the Town to raise the property tax levy by a specific amount to borrow the funds required to complete and pay for specific capital projects. Typically these projects are the construction of new, or renovation of old, buildings. Arlington voters last approved debt exclusions in 2016 to cover the costs of rebuilding Minuteman Vocational High School, renovating Gibbs School and funding for planning the Arlington High School rebuild.

Debt exclusions are added to the base property tax levy limit each year until the principal and interest on the loan has been fully repaid. The debt exclusion is then removed from the property tax levy. Thus, while the increase in property tax levy due to an override is permanent; the increase in the property tax levy due to a debt exclusion is temporary. It expires after the loan authorizing the borrowing of the funds has been repaid.

While the overall increase in the total property tax levy is limited to "2.5% plus new growth" as summarized above, the property tax on any particular property is affected by changes in its assessed value and may increase by more or less than 2½%.

The procedures leading up to the vote approving an operating override or debt exclusion are specified in the Prop 2½ law. The Select Board is responsible for deciding when to call for a vote under Prop 2½ and for scheduling the vote (election). Prop 2½ also specifies the required wording of the vote as put forth to the voters.

Hence, because of Prop 2½, Massachusetts no longer warrants the Taxachusetts moniker at the local property tax level, given that a local municipality's voters, by direct vote, approve any significant increase in local property taxes.

For more details, ask your precinct's Town Meeting Members or your precinct's Finance Committee member, consult Chapter 6 of the Association of Town Finance Committees Handbook or Mass General Laws Title IX, Chapter 59 Section 21, or attend one of our meetings, which occur on the third Thursday of the month.

Property Taxes

The purpose of this chapter is to help residents who own land and buildings in Arlington better understand their property tax bills. At first glance, the bill received from the Office of the Tax Collector (part of the Treasurer's department) looks quite simple. The taxable value of the total of land & buildings owned by the resident is listed along with the total real estate tax and the tax rate per \$1000. With the help of a pocket calculator (or equivalent) one can verify that:

$$\begin{aligned} \text{Taxable Value} \times \text{Tax rate}/1000 \\ = \text{Total Real Estate Tax} \end{aligned}$$

But this is not the end of the story. One must add the CPA (Community Preservation Act) tax. This is somewhat more complicated. In most cases, one takes the taxable value, subtracts \$100,000, and multiplies the result by the tax rate and then that value by 1.5%.

$$\begin{aligned} (\text{Taxable Value}-\$100,000) \times \\ \text{Tax rate}/1000 \times 0.015 = \text{Total CPA Tax} \end{aligned}$$

The Total Tax is the sum of the real estate and CPA taxes:

$$\begin{aligned} \text{Total Real Estate Tax} + \text{Total CPA Tax} \\ = \text{Total Tax} \end{aligned}$$

But this is not the bottom line. The Town levies this tax in four quarters starting in the summer at the start of the Town's fiscal year (which runs July 1st to June 30th). This policy provides cash to run the Town and avoids expensive borrowing. But the formal tax rate can't be set until several months after the start of the fiscal year because all the necessary information is not available at the start of the year. Instead, a preliminary tax bill is prepared for the first two quarters, based on Taxable Value and Tax rate of the previous January. These bills are typically slightly less than a quarter of the Total Tax that will be due for the current fiscal year. The difference must be made up in the final two tax bills. Thus, the third and fourth bills are:

$$3^{\text{rd}} \text{ quarter due} = 4^{\text{th}} \text{ quarter due} = \\ (\text{Total Tax} - 1^{\text{st}} \text{ quarter paid} - 2^{\text{nd}} \text{ quarter paid})/2$$

One may wonder where the elements of this calculation come from. What follows is a brief explanation of each element and some additional terms.

Assessed Value - The basis of the real estate tax is the assessed value of the property on January 1 of the previous calendar year. By State law, assessments shall be for "full and fair cash value". The Department of Revenue has elaborate rules to ensure this standard is met. The Town hires a professional third-party assessment firm to review assessments across the entire town every three years. For other years the Department adjusts assessments using internal staff based upon recent sales.

Tax Rate - In Arlington, the tax rate is computed based on the maximum allowed under Proposition 2 ½. It is set by raising the previous year's tax levy by 2 ½% plus the taxable value of new growth (development), and override funds and debt exclusion funds as approved by the voters and dividing the sum of these and several smaller items by the total taxable assessed property value (about \$9 billion).

The Town Assessors present their calculation for approval to the Select Board in late fall in a public hearing. The calculation is on the Assessors' page of the Town website. Note that the increase limit of 2 ½% applies to the total assessment of the town real estate. Individual assessments may change by more or less depending on location and condition of the property.

Abatements - Property owners have the right to apply for a tax abatement. An abatement is a reduction in the Taxable Value granted by the Board of Assessors based on evidence provided by the property owner that the Taxable Value exceeds the "Full and fair cash value". The owner may present the evidence at a board meeting before the published due date. Refer to the Assessor page on the Town's web site. Abatement applications are due in early February.

